

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 5494
TO BE ANSWERED ON: 05.04.2023

SHORTAGE OF SEMICONDUCTOR CHIPS

5494. SHRI VINOD KUMAR SONKAR:
DR. JAYANTA KUMAR ROY:
SHRI BHOLA SINGH:
SHRI RAJVEER SINGH (RAJU BHAIYA):
SHRI RAJA AMARESHWARA NAIK:
SHRIMATI SANGEETA KUMARI SINGH DEO:

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Government is aware that there exists a shortage of semiconductor chips due to low level of manufacturing despite the Government semiconductor incentive scheme being launched in 2021 in the country;
- (b) if so, the details thereof;
- (c) whether an impact assessment report is being prepared to assess the same;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) whether the Government is aware that as a result of the same, the prices of electronics requiring such semiconductors and automobiles have gone up and there is a gap between the demand and supply; and
- (f) if so, the details thereof along with the reaction of the Government in this regard?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAJEEV CHANDRASEKHAR)

(a), (b), (c) and (d): The chip shortage has impacted many industries worldwide with auto and consumer electronics industries among the most affected sectors. The shortage first emerged after the Covid-19 pandemic, due to lockdowns and restrictions. The supply side problem transformed in to a demand side problem as economies started recovering which increased

the consumption of electronic goods across various segments. Some key reasons behind the global chip shortage were supply chain disruptions due to the pandemic, a sharp rise in demand for consumer electronic goods and rapid digitization of many sectors of the economy. Government conducted multiple discussions on this topic with OEMs, ODMs, Tier 1 companies as well as distributors to mitigate the problem. As per various industry reports, the situation of shortages of semiconductors has already started easing out.

(e) and (f): The chip shortage has exposed vulnerabilities in the semiconductor supply chain and highlighted the need for increased domestic manufacturing capacity. Semicon India programme is expected to surely play a role in India's semiconductor chips and display requirements in the medium and long term. The programme has broader objectives of ensuring a globally competitive value chain that is based in India but supplies electronics products, semiconductors and technology services and solutions to the world.
